

Top Secret



DIRECTORATE OF INTELLIGENCE

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Developments in Indochina

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DEVELOPMENTS IN INDOCHINA

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LAOS

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CAMBODIA

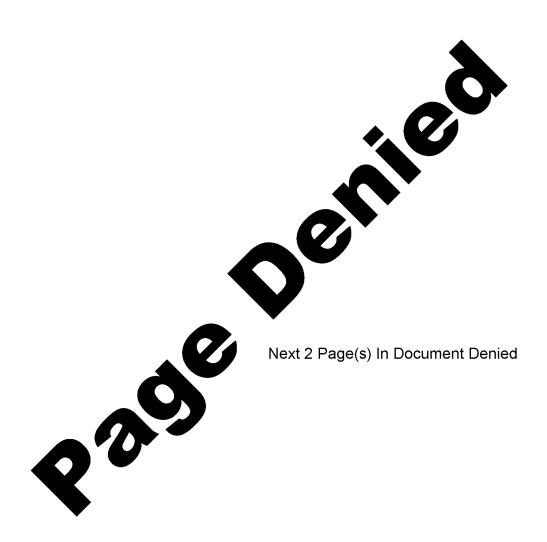
The government reportedly is in contact with a key Khmer insurgent leader. In Tam has officially refused to accept the post of special adviser to Lon Nol. A Mekong River convoy was harassed near Neak Luong as military activity remains focused south of Phnom Penh.

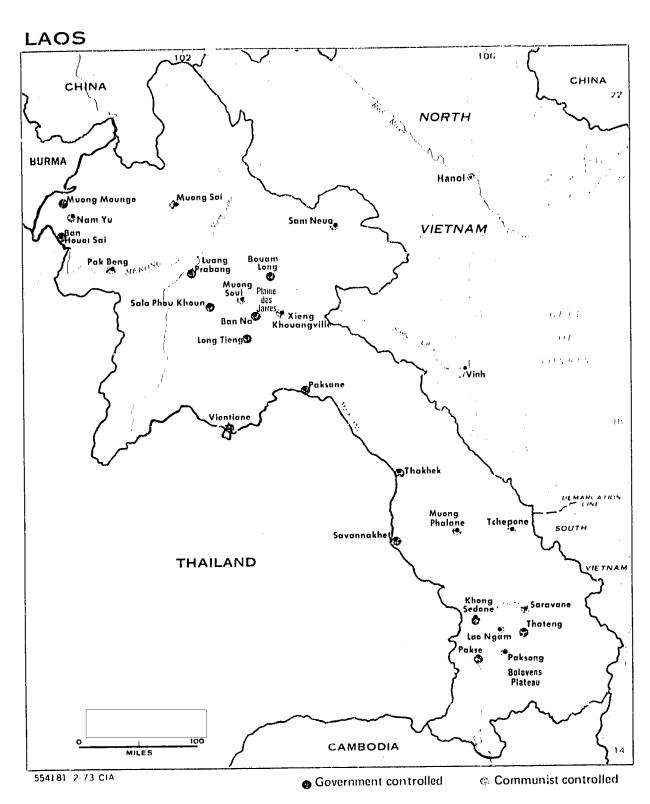
OSD review completed

SOUTH VIETNAM

There is little change in the military situation. A US Embassy officer describes the war damage in the Sa Huynh area. The two sides have opposing territorial claims in Quang Tri Province. There were violent anti-Communist incidents in Hue and Da Nang. A close ally of President Thieu calls for a stepped-up effort against corruption.

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LAOS

The level of military activity began to taper off during the weekend, but both sides continued to maneuver to expand their holdings. In the south, government forces moving along Route 13 north of Thakhek were dispersed following a sharp ground attack and are now retreating toward the town. On the Bolovens Plateau, the Communists rebuffed an initial government effort to push back into the Paksong area. In the north, government forces near the Plaine des Jarres were pushed back from several high ground positions they have been trying to establish overlooking Xieng Khouangville and also lost several small outposts near Bouam Long.

In a Radio Pathet Lao broadcast on 25 February the Lao Communists provided a clear indication of the territory they consider under Communist control at the time of the cease-fire. The Communists laid claim to the entire "Bolovens Region," to specifically include Saravane, Paksong, Lao Ngam, and Thateng. In the central panhandle, Muong Phalane was the only area of any significance mentioned. In the north, the broadcast noted that prior to the cessation of hostilities, Pathet Lao forces controlled the "Plaine des Jarres - Xieng Khouang Region," Muong Soui, Sala Phou Khoun and, in the far northwest, Muong Mounge and Nam Yu. The only areas not now in Communist hands are Muong Mounge and Sala Phou Khoun in the north and Thateng in the south.

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nists appear anxious to get talks in Vientiane started on implementing the cease-fire. Communist negotiator Phoun Sipraseuth said that he expected the military subcommittee to produce a "protocol of implementation of the cease-fire" no later than 28 February. Pathet Lao spokesman Soth Phetrasy added that at the first session, scheduled for 26 February, the Communists will table four items: application of the cease-fire, withdrawal of foreign forces, POWs, and supervision and control of the cease-fire. For its part, the government has drawn up a list of proposed cease-fire violation checkpoints. The bulk of them are in the north and several are placed along the Chinese constructed road network.

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International Reaction to Peace Pact

International reaction to the cease-fire announcement has been strongly positive. Peking's Peoples Daily extended warm congratulations, hailing the agreement as a "tremendous victory for the Lao people." From Moscow, President Podgornyy has praised the agreement in a personal message to the King. North Vietnamese leaders Ton Duc Thang and Pham Van Dong sent official congratulations to Lao Communist leader Souphanouvong, calling the settlement a "success of the militant solidarity of the three Indochinese peoples" and pledging North Vietnamese support. French President Pompidou promised as much assistance in reconstructing Laos as his country's resources would permit, and the British Government, in its capacity as co-chairman of the 1962 Geneva Accords, called upon both parties to abide by the cease-fire.

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CAMBODIA

The government reportedly has made contact with a key Khmer insurgent leader.

First Minister

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Hang Thun Hak has told Ambassador Swank that he has obtained several letters recently—via an intermediary—from Sihanouk's in—country "Minister of Interior" Hou Youn. Although Hak did not disclose the specific content of these letters, he claims that Hou Youn is opposed to a Communist system for Cambodia and anxious to stop the fighting, provided the government demonstrates its sincerity by naming trustworthy negotiators. Hou Youn left the impression, however, that prosihanouk and pro—Hanoi elements of the insurgency did not share his interest in negotiations and support a prolonged conflict.

The intermediary, a Cambodian doctor in Phnom Penh, has given a similar story to a US Embassy officer. In a rather confused report on two meetings with Hou Youn in an insurgent-controlled area in the countryside, the intermediary told the American that Hou Youn had insisted that any negotiations will have to be arranged under the auspices of Washington, Peking, and Moscow and be held in a neutral third country. Of the three powers, Hou Youn apparently indicated that he distrusts the Chinese but is more favorably disposed toward the US and the Soviet Union. The intermediary also claimed that the two other ostensible leaders of the Khmer insurgency, "Defense Minister" Khieu Samphan and "Information Minister" Hu Nim, were present at the first contact, but that Hou Youn dominated the meeting and was the only "minister" present at the second contact. If the intermediary is indeed competent to recognize the three insurgent leaders, this would be the most tangible evidence of their actual

existence since they disappeared from Phnom Pehn in 1967.

The fragmentary nature of the accounts by both Hak and the intermediary, makes it difficult to give them complete credence. Even if substantially correct, they serve to underscore the fact that political factionalism within insurgent ranks is certain to impede any quick or easy settlement of the Cambodian problem. The accounts do little to dispel the confusion that surrounds the question of who really leads the insurgency and where the loyalties of those leaders lie. If Lon Nol allows Hak to keep this channel open, subsequent contacts may shed more light on all these matters.

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In Tam Resigns

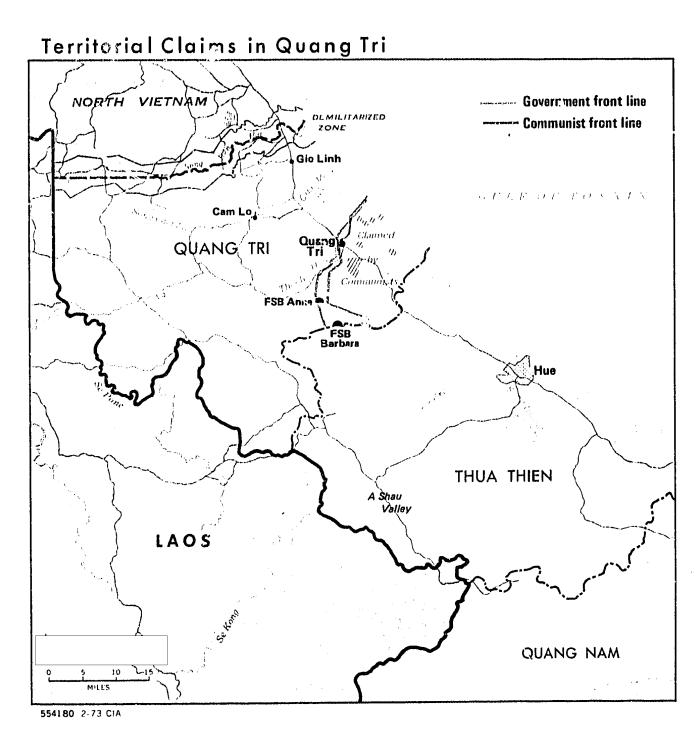
Former Democratic Party leader In Tam has officially refused to accept the post of special adviser to Lon Nol, citing the President's refusal to delineate the scope of his authority to deal with the Khmer insurgents as his reason for turning down the appointment. A statement issued by the Democratic Party on 23 February disassociating the party from In Tam's tentative acceptance of the position earlier this month probably had a bearing on In Tam's decision. But the rea! reason apparently was Lon Nol's continued refusal to give in Tam special privileges in connection with his duties as a special counselor on "national reunification."

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Mekong River Convoy Harassed

A Mekong River convoy from South Vietnam reportedly received some harassing fire during its transit of the Neak Luong area on 24 February, but all vessels eventually arrived safely in Phnom Penh. Khmer insurgent elements continue to probe government outposts north and south of Neak Luong and three of these small positions have fallen since 21 February. Meanwhile, government troops supported by US air strikes are still trying to retake the village of Banam a few miles north of Neak Luong. At last report, they were within a mile of Banam. Elsewhere, there has been little change in the situation along Routes 2 and 3 south of Phnom Penh, but the insurgents are keeping up their harassment of scattered government positions on both highways.

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SOUTH VIETNAM

There was little change in the military situation over the weekend. The level of combat activity continues to decline. In the northern coastal region, Route 1 is now open throughout Quang Ngai and Binh Dinh provinces. US and South Vietnamese members of the Four-Party Joint Military Commission (JMC) traveled without incident along the road on 22 February, and the Quang Ngai Province chief has scheduled a commercial convoy from Quang Ngai south for the first time since last April.

A US Embassy officer who accompanied the JMC members to Sa Huynh reports that evidence of the recent heavy fighting there is visible throughout A 14-mile stretch of Route 1 near the village is pock-marked with artillery and bomb craters, hundreds of shell casings are strewn by the roadside, and most of the major bridges have been destroyed. Sa Huynh itself is also heavily damaged. South Vietnamese survivors told the embassy officer that the Communists preceded their attacks with intense, but often indiscriminate, artillery shellings.

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the Communists still hope to retake Sa Huynh, but recently captured prisoners indicate most North Vietnamese units in the area are severely undermanned and, therefore, unlikely to move against Sa Huynh.

In the highlands, South Vietnamese troops along Route 14 in Darlac Province reportedly have cleared most of the area seized by the Communists when the cease-fire went into effect. The road between Pleiku and Ban Me Thuot is expected to be open within the next two days; it is the last major interprovincial highway in the country to be cleared.

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Opposing Territorial Claims in Quang Tri Province

A comparison of South Vietnamese and Viet Cong territorial claims in the northernmost province indicates that the Communists hope to maintain their foothold south of the government's defense line along the Thach Han River in any future bargaining.

According to a Viet Cong map provided the ICCS on 22 February, the Communists claim to control several hamlets close to Quang Tri City, behind what the government maintains is its current front line. The Communists also claim they have toeholds in several other "contested" hamlets south of the line, and that government-occupied fire support bases Anne and Barbara, which guard the western approach to the Quang Tri lowlands, also belong to them.

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More Anti-Communist Incidents

Government-sponsored demonstrations in Hue and Da Nang on 25 February apparently got out of hand and resulted in injury to several North Vietnamese members of the Four-Party Joint Military Commission (JMC). According to the US Embassy, the most serious incident occurred at Hue, where some 120 demonstrators entered the JMC compound and stoned This is the North Vietnamese in their quarters. the second incident in less than two weeks in Hue and may have been provoked in part by a Communist refusal to accept a petition demanding that the North Vietnamese account for all South Vietnamese held prisoners or provide information on burial sites. South Vietnamese military police made some effort to restrain the crowd and did quickly restore order.

At Da Nang, some 100 demonstrators broke into the JMC compound and pelted the North Vietnamese housing area with stones. South Vietnamese civilian and military police managed to clear the compound in short order. US JMC members say that the

government's chief delegate and his staff were instrumental in getting the demonstrators out of the compound. The embassy reports that both the Hue and Da Nang affairs were carefully organized but poorly controlled, particularly the Da Nang demonstration.

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Ngai on Corruption

One of President Thieu's closest political allies is privately calling for a stepped-up effort against corruption. Senator Nguyen Van Ngai, one of the main organizers of the Democracy Party, told the US Embassy on 22 February that if South Vietnam did not make progress in the struggle against corruption, the government would be "finished." Ngai, who had previously taken the position that personal power considerations made it necessary for Thieu to tolerate corruption at high levels, indicated that the cease-fire and the impending political struggle with the Communists have changed the situation. The senator said he has received many reports on corruption among leading generals and cited, in particular, Military Region 4 Commander General Nghi and General Ninh, a cousin of Thieu's who is the commander of the 44th Special Tactical Zone. claimed he told Thieu that if these two generals were fired, it would add significantly to the President's own personal prestige. Ngai expects some action before the President's trip to the US.

According to the embassy, Ngai's remarks reflect a currently prevalent anxiety throughout the country about corruption among the leadership. On occasion, Thiou has replaced senior generals who have come under fire for corruption, but there usually has been another reason as well. If the

two generals cited by Ngai are replaced, it might help Thieu's image somewhat, but it would probably only partially offset the recent assignments given to General Dzu and the continued presence of General Quang on Thieu's staff. Dzu and Quang have particularly bad reputations for corrupt activities.

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